

Bryan W. Shaw, Ph.D., *Chairman*
Buddy Garcia, *Commissioner*
Carlos Rubinstein, *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

July 29, 2011

Ms. Melissa Chao, Acting Chief Clerk
Office of the Chief Clerk
Texas Commission on Environmental Quality
P.O. Box 13087, MC-105
Austin, Texas 78711-3087

Re: TCEQ Docket No. 2010-1156-UCR; Consideration of a request for a Commission Order approving a contract designating water service areas between the Lower Colorado River Authority ("LCRA"), Certificate of Convenience and Necessity ("CCN") No. 11670, and Sunfield Municipal Utility District No. 4 ("Sunfield"), CCN No. 13116.

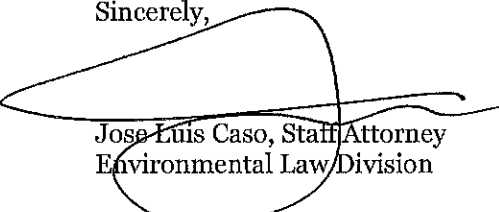
Dear Ms. Chao:

Enclosed for filing please find an original and seven (7) copies of the following Agenda Backup documents:

1. Proposed Order;
2. Interoffice Memorandum containing the Agenda Executive Summary;
3. Caption;
4. Staff memo detailing financial, managerial, and technical capabilities of Sunfield to provide continuous and adequate service to the affected area;
5. Texas Water Code, Section 13.248 Retail Water Service Area Agreement Between the LCRA and Sunfield executed on October 16, 2009;
6. Certificates of Convenience and Necessity (CCN) Nos. 11670 and 13116;
7. Proposed map of the service areas subject to the section 13.248 agreement;
8. Notices Mailed to Parties; and
9. Consent forms signed by representatives for both LCRA and Sunfield giving approval to the ED for the above final maps.

Please do not hesitate to contact me at (512) 239-4309 if you have any questions regarding this material. Thank you for your attention to this matter.

Sincerely,



Jose Luis Caso, Staff Attorney
Environmental Law Division

Enclosures

cc: Mailing list

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Exhibit 1

Bryan W. Shaw, Ph.D., *Chairman*
Buddy Garcia, *Commissioner*
Carlos Rubinstein, *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
Protecting Texas by Reducing and Preventing Pollution

AN ORDER approving a contract designating water service areas between the Lower Colorado River Authority and Sunfield Municipal Utility District No. 4 pursuant to Texas Water Code Section 13.248; TCEQ Docket No. 2010-1156-UCR

A request for a Commission order approving a contract designating service areas between the Lower Colorado River Authority ("LCRA"), Certificate of Convenience and Necessity ("CCN") No. 11670, and Sunfield Municipal Utility District No. 4 ("Sunfield"), CCN No. 13116, in Hays and Travis Counties, Texas, was presented to the Texas Commission on Environmental Quality ("Commission") for approval pursuant to Section 13.248 of the Texas Water Code and Title 30, Section 291.117 of the Texas Administrative Code.

The agreement concerns a water service area of 1,800 acres that is currently dually certificated to LCRA and Sunfield. On October 16, 2009, LCRA and Sunfield executed an agreement (the "Agreement") regarding the dually-certificated area. The Agreement provides that LCRA will release its rights to the dually-certificated area and that Sunfield will remain as the sole CCN holder for that service area. There are no customers in the 1,800 acres. The Agreement is attached to this Order as Exhibit 1. This Order effects changes in the CCN service areas as designated by LCRA and Sunfield in the Agreement.

Contracts between retail public utilities that designate areas to be served and customers to be served by those retail public utilities, when approved by the Commission after public notice and hearing, are valid and enforceable and are incorporated into the appropriate areas of public convenience and necessity. TEX. WATER CODE § 13.248.

The Commission held a hearing on the request at the August 17, 2011, agenda and found the request had merit.

Sunfield is capable of rendering continuous and adequate water service to potential customers in the 1,800-acre area addressed in the Agreement. The decertification of LCRA's authority to provide service in the approximately 1,800-acre area, which results in Sunfield being the sole service provider in the area, is necessary for the service, accommodation, convenience, or safety of the public.

NOW, THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY that:

- 1) The Agreement addressing the decertification of 1,800 acres of LCRA's CCN No. 11670 and designating that retail water service shall be provided by Sunfield, CCN No. 13116, in that area is

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hereby approved.

- 2) CCN No. 11670 in Hays and Travis Counties, held by LCRA, is hereby amended in accordance with the Agreement.
- 3) CCN No. 13116 in Hays and Travis Counties, held by Sunfield, is hereby amended in accordance with the Agreement.
- 4) The Executive Director is directed to redraw the maps of the respective CCNs as provided in the Agreement and as set forth on the map attached to this Order and to amend the Commission's official water service area map for Hays and Travis Counties, Texas. The certificate amendments requested in this application are necessary for the service, accommodation, convenience, or safety of the public.
- 5) The Chief Clerk of the Texas Commission on Environmental Quality shall forward a copy of this Order to the parties.
- 6) If any provision, sentence, clause, or phrase of this Order is for any reason held to be invalid, the invalidity of any portion shall not affect the validity of the remaining portions of the Order.

Issue Date:

TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

For the Commission

Exhibit 1

COATS | ROSE

A Professional Corporation

ANGELA M. STEPHERSON
OF COUNSEL

astepherson@coatsrose.com
Direct Dial
(972) 982-8455
Fax
(972) 982-8451

November 19, 2009

VIA OVERNIGHT DELIVERY

Tammy Holguin-Benter
TCEQ Utilities and Districts Section, MC 153
12100 Park 35 Circle, Building F
Austin, Texas 78753

Re: Request for Approval of Contract under Texas Water Code, Section 13.248
Sunfield Municipal Utility District No. 4 (CN603116211; RN105295786)
Lower Colorado River Authority (CN600253637; RN101454155)

Dear Ms. Holguin-Benter:

Enclosed please find an Agreement Concerning Retail Water Service Areas entered into between Sunfield Municipal Utility District No. 4 (Sunfield) and the Lower Colorado River Authority (LCRA). We request approval of this agreement by the Commission under Texas Water Code, Section 13.248. The agreement concerns a water service area that is currently dually certified to Sunfield and LCRA. The agreement provides that LCRA will release its CCN rights to the dually certified area and that Sunfield will remain as the sole retail water provider for the area. The Commission approved Sunfield's financial, managerial, and technical ability when CCN No. 13116 was issued in 2008.

A map of the area affected is attached to the agreement. I have also enclosed a CD with digital data for the area. The only public water system affected is proposed PWS No. 1050159. There are no affected customers. A list of affected landowners is enclosed, along with the filing fee in the amount of \$100.00.

Please direct all correspondence regarding this matter to me at the address shown below. Thank you very much for your assistance.

Very truly yours,


Angela M. Stepherson

Enclosures

Two Lincoln Centre, 5420 LBJ Freeway, Suite 1300 Dallas, Texas 75240
Phone: 972-982-8450 Fax: 972-982-8451
Web: www.coatsrose.com

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LF

AGREEMENT CONCERNING RETAIL WATER SERVICE AREAS

This Agreement Concerning Retail Water Service Areas ("Agreement") is made and entered into on the 16th day of December, 2009 by and between Sunfield Municipal Utility District No. 4 (the "MUD") and the Lower Colorado River Authority ("LCRA"). The MUD and LCRA may be referred to herein each as a "Party" or collectively as the "Parties."

RECITALS

WHEREAS, the MUD is a municipal utility district and political subdivision, operating under Chapters 49 and 54, Texas Water Code, as amended, and Chapter 8202, Texas Special District Local Laws Code, as amended;

WHEREAS, the Texas Commission on Environmental Quality ("TCEQ") has issued Certificate of Convenience and Necessity ("CCN") No. 13116 to the MUD authorizing it to provide retail water service to a specified area in Travis County and Hays County, Texas;

WHEREAS, LCRA is a conservation and reclamation district and political subdivision, operating under Chapter 8503, Texas Special District Local Laws Code, as amended;

WHEREAS, the TCEQ has issued CCN No. 11670 to LCRA authorizing it to provide retail water service to a specified area in various counties, including Travis County and Hays County, Texas;

WHEREAS, LCRA and 2428 Partners, L.P., previously entered into that certain Agreement Concerning Acquisition of Portion of Certificate of Convenience and Necessity dated February 4, 2005, whereby LCRA agreed to acquire the water CCN rights for an area of approximately 1,800 acres, depicted on the attached Exhibit "A" hereto, incorporated for all purposes (the "Release Area");

WHEREAS, LCRA further agreed to allow the MUD to obtain dual certification over the Release Area, and the MUD and LCRA currently have dual certification over that area;

WHEREAS, the MUD and LCRA have determined that it is in the best interest of both Parties and also potential customers in the Release Area to allow the MUD to obtain single certification for that area;

WHEREAS, the MUD and LCRA are both "retail public utilities" as defined in Section 13.002, Texas Water Code; and

WHEREAS, the MUD and LCRA wish to enter into a binding agreement governing the specific retail water utility service areas described herein, and as allowed by Section 13.248, Texas Water Code.

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RECEIVED
TOCO WATER SUPPLY

AGREEMENT

NOW THEREFORE, in consideration of the mutual promises expressed herein and other good and valuable consideration, the sufficiency of which is acknowledged by the Parties, the MUD and LCRA hereby agree as follows:

1. Release Area and Compensation

1.1 Release Area. LCRA agrees to release its water CCN rights over approximately 1,800 acres more particularly depicted on the attached Exhibit "A" hereto, incorporated for all purposes. The Parties agree that, as between LCRA and the MUD and subject to TCEQ approval, the MUD shall have the sole right to provide retail water service to the Release Area.

1.2 Compensation to LCRA.

a. To compensate LCRA for its administrative and other costs incurred in connection with the Release Area and this Agreement, the MUD agrees to pay LCRA \$10,000.00 simultaneously with the execution of this Agreement by both Parties. The Parties agree that such amount constitutes just, adequate, and reasonable compensation to LCRA for its administrative and other costs incurred in connection with the Release Area and this Agreement.

b. LCRA acknowledges that the MUD has previously caused the final \$200,000.00 payment due under the Agreement Concerning Acquisition of Portion of Certificate of Convenience and Necessity to be paid and that the MUD and 2428 Partners, L.P. have no further obligations under that Agreement.

2. CCN Application

2.1 Release of CCN Rights. In return for the payments set forth in Section 1.2 herein, LCRA agrees to cancel that portion of CCN No. 11670 that is within the Release Area - but only that portion of CCN No. 11670 that is within the Release Area - as provided in this Article 2, and further agrees that an appropriate application may be submitted to the TCEQ upon execution of this Agreement.

2.2 Application to Cancel CCN. LCRA shall cooperate reasonably with the MUD to file an appropriate application with the TCEQ. Such application may be a request for approval of this Agreement under Section 13.248, Texas Water Code. LCRA shall support and cooperate with the MUD and the TCEQ to obtain TCEQ approval in a reasonably expeditious manner. All costs associated with preparing and filing the application and the pursuit of regulatory approvals shall be borne by the MUD. LCRA shall provide necessary signatures, information, and testimony required for the application, including a bill of sale or other documentation if required by the TCEQ to confirm closing of the transaction, and shall cooperate in all respects in prosecuting the application and in attempting to ensure that it is granted by the TCEQ.

2.3 Customers in Release Area. All retail water customers, if any, whose place of use of water is located within the Release Area are and will remain customers of the MUD. LCRA has reviewed its records and the Release Area and does not believe that it has any current customers located therein.

2.4 Facilities and Lines. No facilities, lines, equipment, or other property or property rights of LCRA are transferred to the MUD by this Agreement.

2.5 No Impairment of Other Customers. Nothing in this Agreement shall in any way impair, or adversely affect, LCRA's right to provide retail water service to any customers located outside the Release Area.

3. **Miscellaneous**

3.1 This Agreement may not be assigned by any Party without the written consent of the other Party.

3.2 Unless otherwise provided in this Agreement, any notice to be given under this Agreement shall be given in writing and may be given either by depositing the notice in the United States mail postpaid, registered or certified mail, with return receipt requested; delivering the notice to such Party by a private delivery or private messenger service as evidenced by a receipt signed by any person at the delivery address; or sending the notice by facsimile. Notice deposited by mail in the foregoing manner shall be effective the day after the day on which it is deposited. Notice given in any other manner shall be effective only when received by the Party to be notified. For the purposes of notice, the addresses of the Parties shall be as follows:

If to the MUD, to:

Sunfield Municipal Utility District No. 4
c/o Coats Rose
3 East Greenway Plaza, Suite 2000
Houston, Texas 77046
Fax: (713) 651-0220

If to LCRA, to:

Lower Colorado River Authority
P.O. Box 220
Austin, Texas 78767-0220
Attn: Executive Manager, Water Services
Fax: (512) 473-3551

The Parties shall have the right from time to time to change their respective addresses by giving at least fifteen (15) days' written notice of such change to the other Party.

3.3 This Agreement embodies the entire understanding between the Parties, and there are no representations, warranties, or agreements between the Parties covering the subject matter of this Agreement other than this Agreement. This Agreement may not be modified or terminated except upon the provisions hereof or by the mutual written agreement of the Parties hereto.

3.4 This Agreement shall be construed in accordance with the laws of the State of Texas and shall be performable in Hays County and Travis County, Texas. Venue shall lie solely in Travis County, Texas.

3.5 This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective permitted and approved successors and assigns.

3.6 This Agreement is executed by the Parties hereto without coercion or duress and for substantial consideration, the sufficiency of which is forever confessed. Each signatory represents that this Agreement has been read by the Party for which this Agreement is executed, and that such Party has had an opportunity to confer with its counsel.

3.7 This Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

3.8 If any provision of this Agreement or the application thereof to any person or set of circumstances is ever judicially declared invalid, such provision shall be deemed severed from this Agreement and the remaining portions of this Agreement shall remain in effect.

3.9 This Agreement shall be deemed drafted equally by all Parties hereto. The language of all parts of this Agreement shall be construed as a whole according to its fair meaning, and any presumption or principle that the language herein is to be construed against any Party shall not apply. Headings in this Agreement are for the convenience of the Parties and are not intended to be used in construing this document.

3.10 Time is of the essence in the performance of the obligations under this Agreement.

3.11 The Parties acknowledge herein that the performance of various covenants and obligations arising hereunder shall not occur until after closing. Therefore, all covenants and obligations created by and terms and conditions of this Agreement shall survive closing and shall be binding on all Parties, their successors and assigns until this Agreement is approved by the TCEQ in accordance with Section 13.248, Texas Water Code. Following approval of this Agreement by TCEQ, only the obligations contained in Section 1.1 of this Agreement shall survive the closing, and LCRA shall be released from any further obligations under this Agreement other than those contained in Section 1.1 of this Agreement.

3.12 By executing this Agreement, the Parties waive to the fullest extent allowed by law sovereign immunity from suit and liability solely for the purpose of enforcing this Agreement pursuant to Chapter 13, Texas Water Code.

IN WITNESS WHEREOF, the Parties have executed this Agreement and caused this Agreement to be effective on the date first written above as reflected by the signatures below.

IN WITNESS WHEREOF, the Parties have executed this Agreement and caused this Agreement to be effective on the date first written above as reflected by the signatures below.

SUNFIELD MUNICIPAL UTILITY
DISTRICT NO. 4

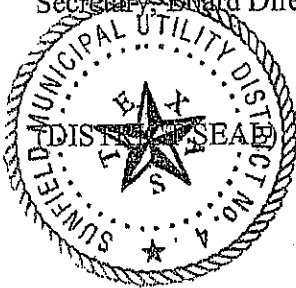


President, Board of Directors

ATTEST:



Secretary, Board of Directors



LOWER COLORADO RIVER AUTHORITY

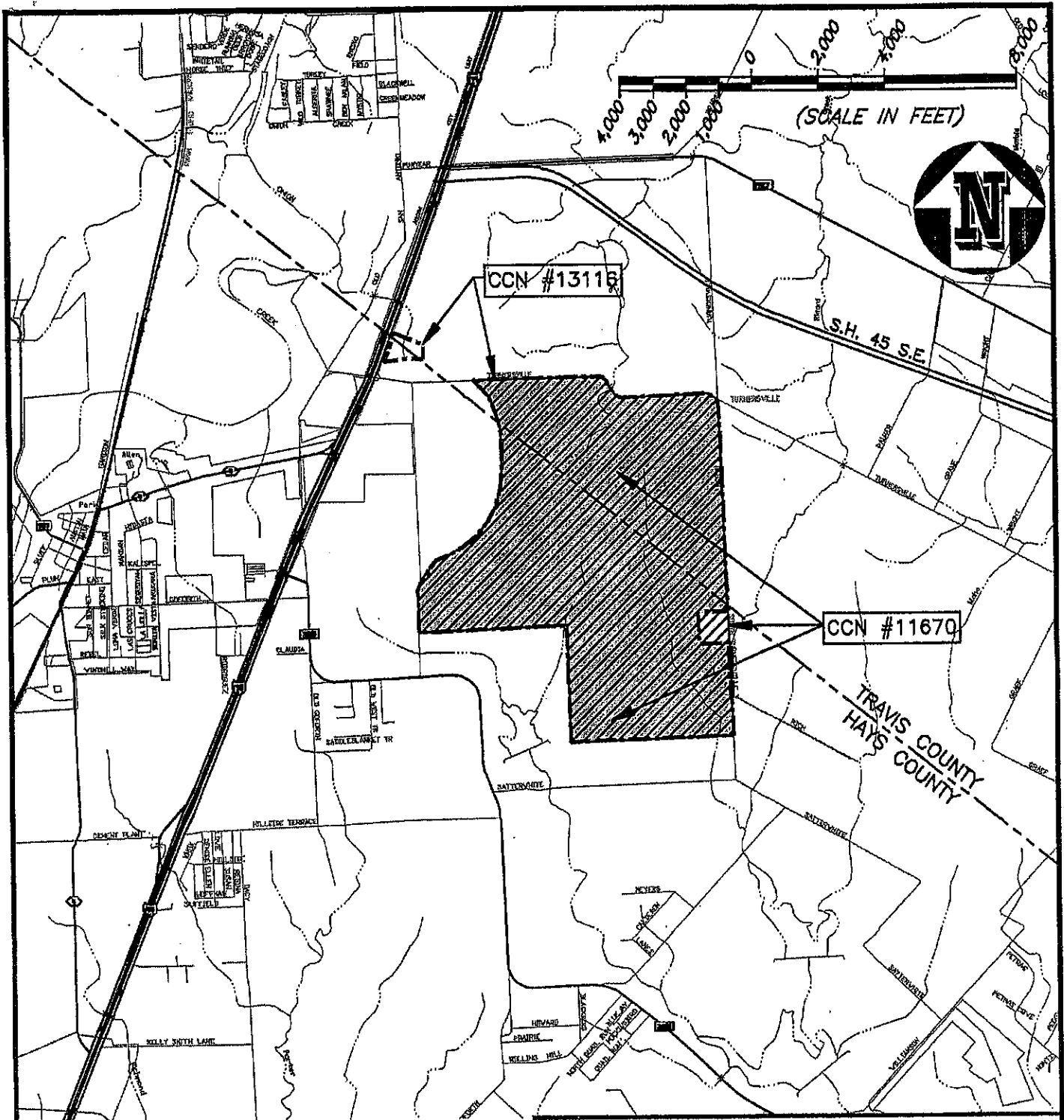
By: _____

Name: _____

Title: _____



EXHIBIT "A"



LEGEND

----- EXISTING C.C.N. 13118
(SUNFIELD M.U.D. #4)

▨ EXISTING C.C.N. 11670
(L.C.R.A.)

▩ EXISTING C.C.N. 11670 TO BE RELEASED TO
SUNFIELD M.U.D. #4

MEC

Murfee Engineering Company

L.C.R.A. C.C.N. RELEASE TO SUNFIELD M.U.D. #4

1101 Capital of Texas Highway South, Building D, Suite 110, Austin, Texas 78746 (512) 327-9204

Texas Registered Engineering Firm F-353

FILE LAYOUT: D:\051088\0905-088-29-LCRA-CCN-RELEASE.dwg (8x11)

DATE: 10/22/09

November 19, 2009

Page 2

cc: Madison Jechow, Associate General Counsel, Lower Colorado River Authority (w/o
encl.)

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 4
LANDOWNERS

2428 Partners LP
Attention: Douglas C. Neff
19800 MacArthur Blvd
Irvine, CA 92612

Carson Fisk
1221 S. Congress Avenue, #631
Austin, Texas 78704

David Matt Prewett
6902 Miranda Drive
Austin, Texas 78752

Ryan Burkhardt
Landmark Interests
16380 Addison Road
Addison, Texas 75001

Reed Coleman
2302 Dervingham Drive
Cedar Park, Texas 78613

Nichol Peterson
1818 Rainy Meadow Drive
Austin, Texas 78758

Todd Standlee
4710 Red River
Austin, Texas 78751

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Exhibit 2

Texas Commission on Environmental Quality

INTEROFFICE MEMORANDUM

TO: Texas Commission on Environmental Quality **DATE:** July 29, 2011

THRU: Melissa Chao, Acting Chief Clerk

FROM: Jose Luis Caso, Staff Attorney, Environmental Law Division

SUBJECT: **TCEQ Docket No. 2010-1156-UCR.** Consideration of a request for a Commission order approving a contract designating water service areas between the Lower Colorado River Authority ("LCRA"), Certificate of Convenience and Necessity ("CCN") No. 11670, and Sunfield Municipal Utility District No. 4 ("Sunfield"), CCN No. 13116, pursuant to Texas Water Code Section 13.248.

DESCRIPTION OF APPLICATION

Applicant: LCRA and Sunfield

Regulated Activity: Retail water utility service

Type of Application: Request for a Commission order approving a contract

Commission Action: Hearing regarding approval of the contract

Authority: Texas Water Code § 13.248 and 30 Texas Administrative Code § 291.117

FACTUAL BACKGROUND

The agreement concerns a water service area of 1,800 acres that is currently dually certificated to LCRA and Sunfield. LCRA, water CCN No. 11670, and Sunfield, water CCN No. 13116, provide retail water service in Hays and Travis Counties, Texas. On October 16, 2009, LCRA and Sunfield executed an agreement (the "Agreement"), pursuant to section 13.248 of the Texas Water Code, regarding the dually-certificated area. The Agreement provides that LCRA will release its rights to the dually certificated area and that Sunfield will remain as the sole CCN holder for that service area. There are no customers in the 1,800 acres, and there will be no transfer of facilities under the contract.

LEGAL AUTHORITY

The Texas Water Code prohibits a utility, a utility operated by an affected county, or a water supply corporation from rendering retail water or sewer utility service directly or indirectly to the public without first obtaining a CCN.¹

The Texas Water Code and TCEQ rules allow retail public utilities to enter into service area agreements and have the Commission affirm the agreements by amending the entities' respective CCNs.²

Requests to approve 13.248 agreements are not subject to the notice provisions of section 291.106, Title 30 of the Texas Administrative Code, which apply to applications for new and amended CCNs. The Commission may approve the service area agreement pursuant to section 13.248 of the Texas Water Code with the appropriate notice under the Open Meetings Act. The Executive Director will mail notice of the hearing upon the setting of an Agenda date.

BASIS FOR STAFF RECOMMENDATION

The following items were considered in developing the staff's recommendation:

1. Retail Water Service Area Agreement Between LCRA and Sunfield, executed on October 16, 2009;
2. Final proposed map submitted by the parties; and
3. Financial, Managerial, and Technical analysis of Sunfield to operate in the affected area;

STAFF RECOMMENDATION

Based on the facts stated in the application and the supporting documentation submitted by LCRA and Sunfield, Staff supports the request for a Commission order approving the contract designating service areas between LCRA and Sunfield. Staff has confirmed that both parties are retail public utilities with active water CCNs and that the area involved is dually certificated to LCRA and Sunfield. Further, Staff is satisfied that Sunfield possesses the adequate financial, managerial, and technical capability to provide continuous and adequate service to the area.

STAFF CONTACTS

Jose Luis Caso, Environmental Law Division (239-4309)
Lisa Fuentes, Water Supply Division (239-6117)

¹ TEX. WATER CODE ANN. § 13.242(a) (Vernon 2008).

² *Id.* § 13.248; 30 TEX. ADMIN. CODE § 291.117 (West 2011) (Tex. Comm'n on Env'tl. Quality, Contracts Valid and Enforceable). Section 13.248 states "[c]ontracts between retail public utilities designating areas to be served and customers to be served by those retail public utilities, when approved by the commission after public notice and hearing, are valid and enforceable and are incorporated into the appropriate areas of public convenience and necessity."

Exhibit 3

Texas Commission on Environmental Quality
Agenda Item

NAME & NUMBER OF PERSON TO CONTACT REGARDING THIS ITEM:

Jose Caso, 239-4309

Lisa Fuentes, 239-6117

CAPTION: Consideration of a request for a Commission order approving a contract designating service areas between the Lower Colorado River Authority (LCRA), Certificate of Convenience and Necessity (CCN) No. 11670, and Sunfield Municipal Utility District No. 4 (Sunfield), CCN No. 13116, in Travis and Hays Counties, Texas, pursuant to Texas Water Code Section 13.248. The Agreement concerns a water service area of 1,800 acres in Travis and Hays Counties that is currently dually certificated to LCRA and Sunfield. The agreement provides that LCRA will release its rights to the dually-certificated area and that Sunfield will remain as the sole CCN holder for that service area. There are no customers in the 1,800 acres, and there will be no transfer of facilities. Contact: Jose Caso, Lisa Fuentes.

Docket No.: 2010-1156-UCR

Type of Matter: An order approving a contract designating service areas between the Lower Colorado River Authority and Sunfield Municipal Utility District No. 4.

Counties: Travis and Hays

Contested: This matter is uncontested.

Exhibit 4

Texas Commission on Environmental Quality

INTEROFFICE MEMORANDUM

To: Environmental Law Division

Date: Reissued on July 29, 2011

Thru:  Lisa Fuentes/Tammy Benter

From:  Debi Loockerman, CPA
Utilities Financial Review

Subject: Contract Service Agreement Pursuant to Texas Water Code, Section 13.248, from Sunfield Municipal Utility District No. 4, Certificate of Convenience and Necessity (CCN) No. 13116, to Decertify Portions of CCN No. 11670 from Lower Colorado River Authority (LCRA), in Hays and Travis Counties; Application No. 36557-C

CN: 603116211; RN: 105295786 (Sunfield MUD 4)
CN: 60253637; RN: 101454155 (LCRA)

In my opinion, this information demonstrates adequate financial and managerial capability of Sunfield Municipal Utility District No. 4 (Sunfield) to provide the future service if requested in the area.

Sunfield has entered into an agreement providing that LCRA will release its CCN rights to the dually certified area, and that Sunfield will remain as sole retail water service provider. The subject area includes approximately 1,800 acres. There are no affected customers in the subject area.

Winfield MUD 4 was created by the TCEQ on 6/27/2005. The name was changed to Sunfield MUD 4 on April 10, 2006. Sunfield is a municipal utility district with taxing authority under Chapters 49 and 54, Texas Water Code. Sunfield has the authority to issue bonds to pay for water/wastewater and road projects. No bonds are currently issued or outstanding, but \$61,875,000 has been approved by the voters. An operations and maintenance tax of \$ 0.90 per \$100 property value is currently being collected. The net taxable value in the district for 2007 was reported at \$4,199,780. Sunfield MUD 4 currently holds CCN No. 13116 issued in 2008. During that application process, Sunfield demonstrated adequate financial and managerial capability to provide the future service in the area.

Exhibit 5

COATS | ROSE

A Professional Corporation

ANGELA M. STEPHERSON
OF COUNSEL

astepherson@coatsrose.com
Direct Dial
(972) 982-8455
Fax
(972) 982-8451

November 19, 2009

VIA OVERNIGHT DELIVERY

Tammy Holguin-Benter
TCEQ Utilities and Districts Section, MC 153
12100 Park 35 Circle, Building F
Austin, Texas 78753

Re: Request for Approval of Contract under Texas Water Code, Section 13.248
Sunfield Municipal Utility District No. 4 (CN603116211; RN105295786)
Lower Colorado River Authority (CN600253637; RN101454155)


Dear Ms. Holguin-Benter:

Enclosed please find an Agreement Concerning Retail Water Service Areas entered into between Sunfield Municipal Utility District No. 4 (Sunfield) and the Lower Colorado River Authority (LCRA). We request approval of this agreement by the Commission under Texas Water Code, Section 13.248. The agreement concerns a water service area that is currently dually certified to Sunfield and LCRA. The agreement provides that LCRA will release its CCN rights to the dually certified area and that Sunfield will remain as the sole retail water provider for the area. The Commission approved Sunfield's financial, managerial, and technical ability when CCN No. 13116 was issued in 2008.

A map of the area affected is attached to the agreement. I have also enclosed a CD with digital data for the area. The only public water system affected is proposed PWS No. 1050159. There are no affected customers. A list of affected landowners is enclosed, along with the filing fee in the amount of \$100.00.

Please direct all correspondence regarding this matter to me at the address shown below. Thank you very much for your assistance.

Very truly yours,


Angela M. Stepherson

Enclosures

Two Lincoln Centre, 5420 LBJ Freeway, Suite 1300 Dallas, Texas 75240
Phone: 972-982-8450 Fax: 972-982-8451
Web: www.coatsrose.com

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LF

AGREEMENT CONCERNING RETAIL WATER SERVICE AREAS

This Agreement Concerning Retail Water Service Areas ("Agreement") is made and entered into on the 16th day of December, 2009 by and between Sunfield Municipal Utility District No. 4 (the "MUD") and the Lower Colorado River Authority ("LCRA"). The MUD and LCRA may be referred to herein each as a "Party" or collectively as the "Parties."

RECITALS

WHEREAS, the MUD is a municipal utility district and political subdivision, operating under Chapters 49 and 54, Texas Water Code, as amended, and Chapter 8202, Texas Special District Local Laws Code, as amended;

WHEREAS, the Texas Commission on Environmental Quality ("TCEQ") has issued Certificate of Convenience and Necessity ("CCN") No. 13116 to the MUD authorizing it to provide retail water service to a specified area in Travis County and Hays County, Texas;

WHEREAS, LCRA is a conservation and reclamation district and political subdivision, operating under Chapter 8503, Texas Special District Local Laws Code, as amended;

WHEREAS, the TCEQ has issued CCN No. 11670 to LCRA authorizing it to provide retail water service to a specified area in various counties, including Travis County and Hays County, Texas;

WHEREAS, LCRA and 2428 Partners, L.P., previously entered into that certain Agreement Concerning Acquisition of Portion of Certificate of Convenience and Necessity dated February 4, 2005, whereby LCRA agreed to acquire the water CCN rights for an area of approximately 1,800 acres, depicted on the attached Exhibit "A" hereto, incorporated for all purposes (the "Release Area");

WHEREAS, LCRA further agreed to allow the MUD to obtain dual certification over the Release Area, and the MUD and LCRA currently have dual certification over that area;

WHEREAS, the MUD and LCRA have determined that it is in the best interest of both Parties and also potential customers in the Release Area to allow the MUD to obtain single certification for that area;

WHEREAS, the MUD and LCRA are both "retail public utilities" as defined in Section 13.002, Texas Water Code; and

WHEREAS, the MUD and LCRA wish to enter into a binding agreement governing the specific retail water utility service areas described herein, and as allowed by Section 13.248, Texas Water Code.

2009 NOV 23 AM 9:52

RECEIVED
TCEQ WATER SUPPLY

AGREEMENT

NOW THEREFORE, in consideration of the mutual promises expressed herein and other good and valuable consideration, the sufficiency of which is acknowledged by the Parties, the MUD and LCRA hereby agree as follows:

1. Release Area and Compensation

1.1 Release Area. LCRA agrees to release its water CCN rights over approximately 1,800 acres more particularly depicted on the attached Exhibit "A" hereto, incorporated for all purposes. The Parties agree that, as between LCRA and the MUD and subject to TCEQ approval, the MUD shall have the sole right to provide retail water service to the Release Area.

1.2 Compensation to LCRA.

a. To compensate LCRA for its administrative and other costs incurred in connection with the Release Area and this Agreement, the MUD agrees to pay LCRA \$10,000.00 simultaneously with the execution of this Agreement by both Parties. The Parties agree that such amount constitutes just, adequate, and reasonable compensation to LCRA for its administrative and other costs incurred in connection with the Release Area and this Agreement.

b. LCRA acknowledges that the MUD has previously caused the final \$200,000.00 payment due under the Agreement Concerning Acquisition of Portion of Certificate of Convenience and Necessity to be paid and that the MUD and 2428 Partners, L.P. have no further obligations under that Agreement.

2. CCN Application

2.1 Release of CCN Rights. In return for the payments set forth in Section 1.2 herein, LCRA agrees to cancel that portion of CCN No. 11670 that is within the Release Area - but only that portion of CCN No. 11670 that is within the Release Area - as provided in this Article 2, and further agrees that an appropriate application may be submitted to the TCEQ upon execution of this Agreement.

2.2 Application to Cancel CCN. LCRA shall cooperate reasonably with the MUD to file an appropriate application with the TCEQ. Such application may be a request for approval of this Agreement under Section 13.248, Texas Water Code. LCRA shall support and cooperate with the MUD and the TCEQ to obtain TCEQ approval in a reasonably expeditious manner. All costs associated with preparing and filing the application and the pursuit of regulatory approvals shall be borne by the MUD. LCRA shall provide necessary signatures, information, and testimony required for the application, including a bill of sale or other documentation if required by the TCEQ to confirm closing of the transaction, and shall cooperate in all respects in prosecuting the application and in attempting to ensure that it is granted by the TCEQ.

2.3 Customers in Release Area. All retail water customers, if any, whose place of use of water is located within the Release Area are and will remain customers of the MUD. LCRA has reviewed its records and the Release Area and does not believe that it has any current customers located therein.

2.4 Facilities and Lines. No facilities, lines, equipment, or other property or property rights of LCRA are transferred to the MUD by this Agreement.

2.5 No Impairment of Other Customers. Nothing in this Agreement shall in any way impair, or adversely affect, LCRA's right to provide retail water service to any customers located outside the Release Area.

3. Miscellaneous

3.1 This Agreement may not be assigned by any Party without the written consent of the other Party.

3.2 Unless otherwise provided in this Agreement, any notice to be given under this Agreement shall be given in writing and may be given either by depositing the notice in the United States mail postpaid, registered or certified mail, with return receipt requested; delivering the notice to such Party by a private delivery or private messenger service as evidenced by a receipt signed by any person at the delivery address; or sending the notice by facsimile. Notice deposited by mail in the foregoing manner shall be effective the day after the day on which it is deposited. Notice given in any other manner shall be effective only when received by the Party to be notified. For the purposes of notice, the addresses of the Parties shall be as follows:

If to the MUD, to:

Sunfield Municipal Utility District No. 4
c/o Coats Rose
3 East Greenway Plaza, Suite 2000
Houston, Texas 77046
Fax: (713) 651-0220

If to LCRA, to:

Lower Colorado River Authority
P.O. Box 220
Austin, Texas 78767-0220
Attn: Executive Manager, Water Services
Fax: (512) 473-3551

The Parties shall have the right from time to time to change their respective addresses by giving at least fifteen (15) days' written notice of such change to the other Party.

3.3 This Agreement embodies the entire understanding between the Parties, and there are no representations, warranties, or agreements between the Parties covering the subject matter of this Agreement other than this Agreement. This Agreement may not be modified or terminated except upon the provisions hereof or by the mutual written agreement of the Parties hereto.

3.4 This Agreement shall be construed in accordance with the laws of the State of Texas and shall be performable in Hays County and Travis County, Texas. Venue shall lie solely in Travis County, Texas.

3.5 This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective permitted and approved successors and assigns.

3.6 This Agreement is executed by the Parties hereto without coercion or duress and for substantial consideration, the sufficiency of which is forever confessed. Each signatory represents that this Agreement has been read by the Party for which this Agreement is executed, and that such Party has had an opportunity to confer with its counsel.

3.7 This Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

3.8 If any provision of this Agreement or the application thereof to any person or set of circumstances is ever judicially declared invalid, such provision shall be deemed severed from this Agreement and the remaining portions of this Agreement shall remain in effect.

3.9 This Agreement shall be deemed drafted equally by all Parties hereto. The language of all parts of this Agreement shall be construed as a whole according to its fair meaning, and any presumption or principle that the language herein is to be construed against any Party shall not apply. Headings in this Agreement are for the convenience of the Parties and are not intended to be used in construing this document.

3.10 Time is of the essence in the performance of the obligations under this Agreement.

3.11 The Parties acknowledge herein that the performance of various covenants and obligations arising hereunder shall not occur until after closing. Therefore, all covenants and obligations created by and terms and conditions of this Agreement shall survive closing and shall be binding on all Parties, their successors and assigns until this Agreement is approved by the TCEQ in accordance with Section 13.248, Texas Water Code. Following approval of this Agreement by TCEQ, only the obligations contained in Section 1.1 of this Agreement shall survive the closing, and LCRA shall be released from any further obligations under this Agreement other than those contained in Section 1.1 of this Agreement.

3.12 By executing this Agreement, the Parties waive to the fullest extent allowed by law sovereign immunity from suit and liability solely for the purpose of enforcing this Agreement pursuant to Chapter 13, Texas Water Code.

IN WITNESS WHEREOF, the Parties have executed this Agreement and caused this Agreement to be effective on the date first written above as reflected by the signatures below.

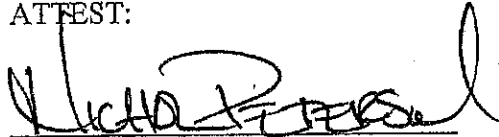
IN WITNESS WHEREOF, the Parties have executed this Agreement and caused this Agreement to be effective on the date first written above as reflected by the signatures below.

**SUNFIELD MUNICIPAL UTILITY
DISTRICT NO. 4**

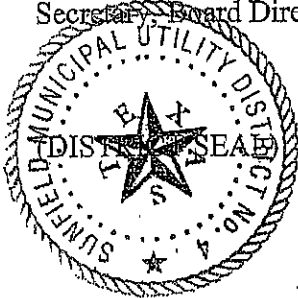


President, Board of Directors

ATTEST:



Secretary, Board Directors



LOWER COLORADO RIVER AUTHORITY

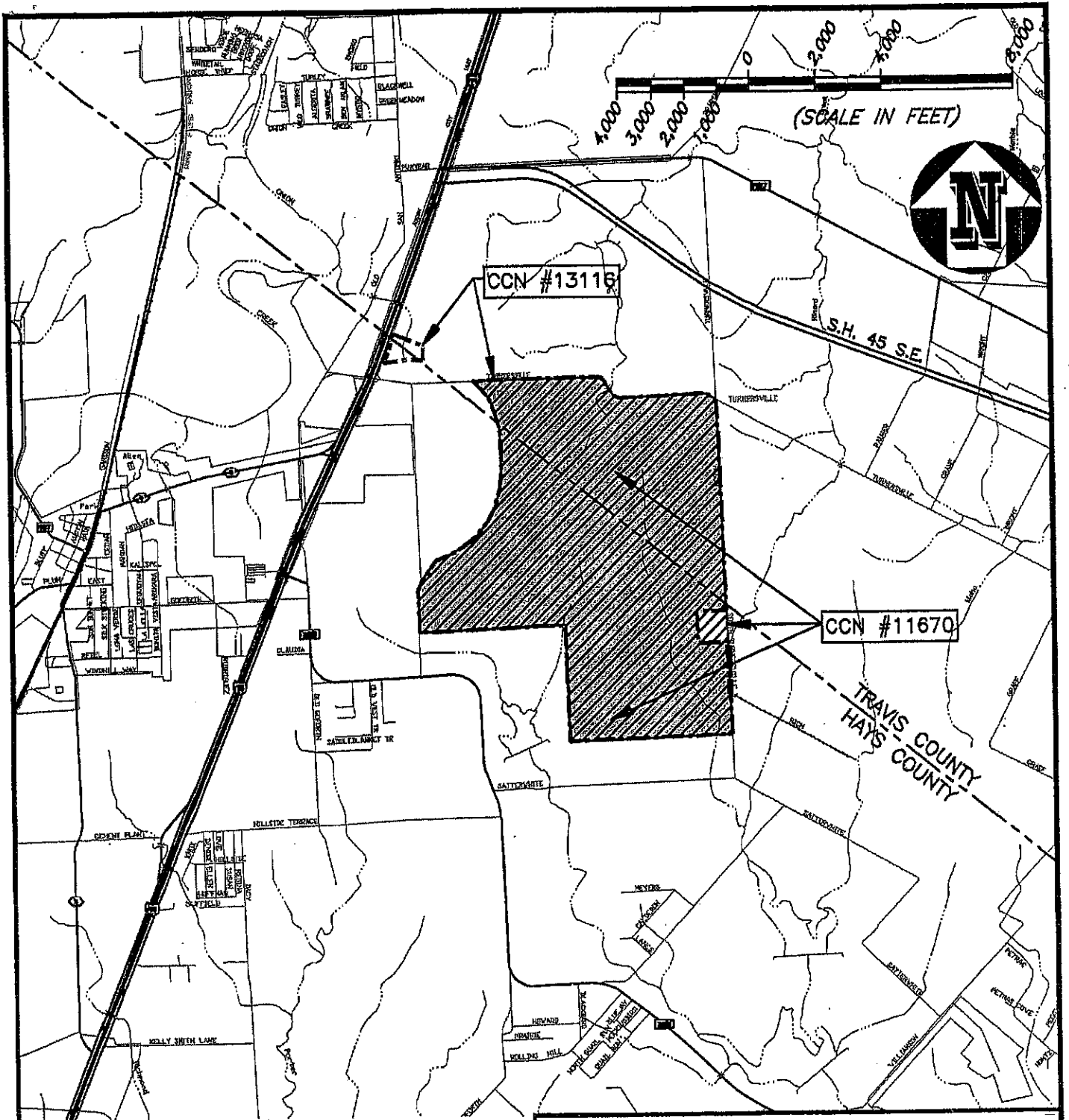
By: _____

Name: _____

Title: _____



EXHIBIT "A"



LEGEND

EXISTING C.C.N. 13116
(SUNFIELD M.U.D. #4)

EXISTING C.C.N. 11670
(L.C.R.A.)

EXISTING C.C.N. 11670 TO BE RELEASED TO
SUNFIELD M.U.D. #4

MEC

Murfee Engineering Company

L.C.R.A. C.C.N. RELEASE TO SUNFIELD M.U.D. #4

1101 Capital of Texas Highway South, Building D, Suite 110, Austin, Texas 78746 (512) 327-3204

Texas Registered Engineering Firm F-353

FILE/LAYOUT: 0403065/2806-983.29-LCRA-CCN-RELEASE.dwg (8x11)

DATE: 10/12/2009

November 19, 2009

Page 2

cc: Madison Jechow, Associate General Counsel, Lower Colorado River Authority (w/o
encl.)

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 4
LANDOWNERS

2428 Partners LP
Attention: Douglas C. Neff
19800 MacArthur Blvd
Irvine, CA 92612

Carson Fisk
1221 S. Congress Avenue, #631
Austin, Texas 78704

David Matt Prewett
6902 Miranda Drive
Austin, Texas 78752

Ryan Burkhardt
Landmark Interests
16380 Addison Road
Addison, Texas 75001

Reed Coleman
2302 Dervingham Drive
Cedar Park, Texas 78613

Nichol Peterson
1818 Rainy Meadow Drive
Austin, Texas 78758

Todd Standlee
4710 Red River
Austin, Texas 78751

2009 NOV 23 AM 9:52

RECEIVED
TCEO WATER SUPPLY

Exhibit 6



Texas Commission On Environmental Quality

By These Presents Be It Known To All That
Sunfield Municipal Utility District 4

having duly applied for certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

Certificate of Convenience and Necessity No. 11316

to provide continuous and adequate water utility service to that service area or those service areas in Hays and Travis Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Application No. 36557-C are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of Sunfield Municipal Utility District 4 to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this _____

For the Commission



Texas Commission On Environmental Quality

By These Presents Be It Known To All That

Lower Colorado River Authority

having duly applied for certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

Certificate of Convenience and Necessity No. 11670

to provide continuous and adequate water utility service to that service area or those service areas in Burnet, Gillespie, Hays, Lampasas, Llano, Matagorda, Mills, San Saba and Travis Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Application No. 36557-C are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of Lower Colorado River Authority to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this _____

For the Commission

Exhibit 7

Sunfield Municipal Utility District 4
Water Service Area
CCN No. 11316
Application No. 36557-C (13.248 Contract Service Agreement
to Transfer and Decertify a Portion
of Lower Colorado River Authority, CCN No. 11670
in Hays and Travis Counties)

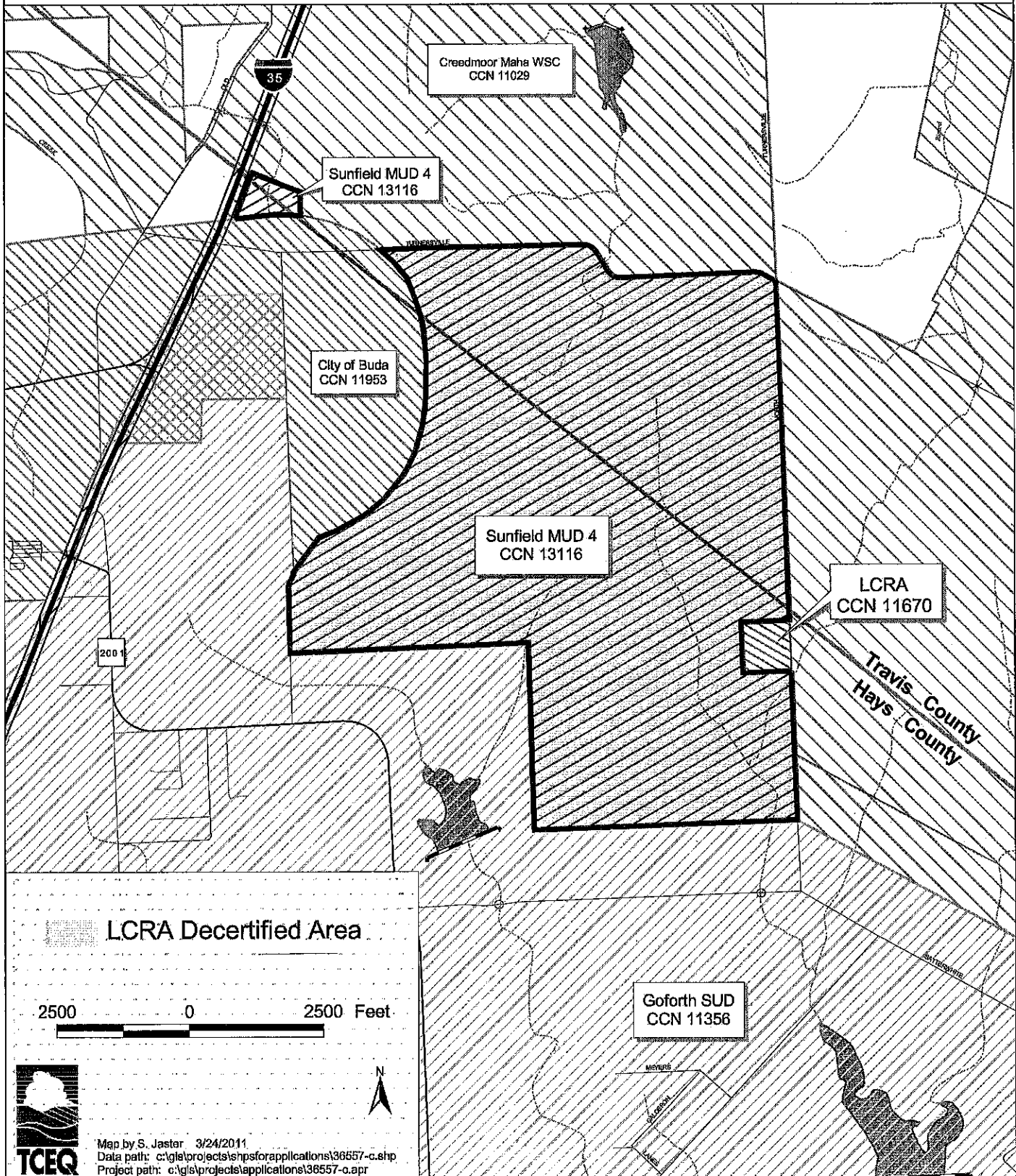


Exhibit 8

Bryan W. Shaw, Ph.D., *Chairman*
Buddy Garcia, *Commissioner*
Carlos Rubinstein, *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

July 29, 2011

Angela Stepherson
Attorney for Sunfield Municipal Utility
District No. 4
Two Lincoln Centre
5420 LBJ Freeway, Suite 1300
Dallas, Texas 75240

Dennis Daniel
Manager for Lower Colorado River
Authority
P.O. Box 220
Austin, Texas 78767-0220

2428 Partners LP
Attention: Douglas C. Neff
19800 MacArthur Blvd.
Irvine, CA 92612

Carson Fisk
1221 S. Congress Avenue, #631
Austin, Texas 78704

David Matt Prewett
6902 Miranda Drive
Austin, Texas 78752

Ryan Burkhardt
Landmark Interests
16380 Addison Road
Addison, Texas 75001

Reed Coleman
2302 Dervingham Drive
Cedar Park, Texas 78613

Nichol Peterson
1818 Rainy Meadow Drive
Austin, Texas 78758

Todd Standlee
4710 Red River
Austin, Texas 78751

Re: TCEQ Docket No. 2010-1156-UCR. Consideration of a request for a Commission order approving a contract designating service water areas between the Lower Colorado River Authority and Sunfield Municipal Utility District No. 4 pursuant to Texas Water Code Section 13.248

Dear Ms. Stepherson, Mr. Daniel, Mr. Neff, Mr. Fisk, Mr. Prewett, Mr. Burkhardt, Mr. Coleman, Ms. Peterson, and Mr. Standlee:

This letter is to inform you that the above-referenced application has been set on the agenda for consideration by the Texas Commission on Environmental Quality (Commission). This agenda will occur on August 17, 2011, beginning at 9:30 a.m. in Building E, Room 201S, 12100 Park 35 Circle, Austin, Texas. Included with this letter are the agenda backup materials to be considered by the Commission. I understand that Ms. Angela Stepherson, the attorney for Sunfield Municipal Utility District No. 4, will be attending. There is no need for anyone else to attend, though all are welcome.

Persons with disabilities who plan to attend this hearing and who need special accommodations at the agenda should call the TCEQ Office of Public Assistance at 1-800-647-4040 or 1-800-RELAY-TX (TDD) at least one week prior to the hearing. If you have any questions about this matter, you may contact Lisa Fuentes from the Water Supply Division at 1-512-239-6117 or me at 1-512-239-4309.

Sincerely,



Jose Luis Caso
Staff Attorney Environmental Law Division

Enclosures

Exhibit 9

CONSENT FORM

Applicant's Name: Sunfield Municipal Utility District 4

Application Nos.: 36557-C

- ☒ I concur with the maps and order transmitted by letter dated April 1, 2011.
- ☐ I do not concur with and intend to respond to the maps and order transmitted by letter dated April 1, 2011.

I understand that I have 10 days from the date of this letter to provide my response.

I am authorized by Sunfield Municipal Utility District 4 to sign this form.

Signature: Angela M Stephenson

Printed Name: Angela Stephenson

Relationship to Applicant: Attorney

Date signed: 4-11-11

Mail or Fax to:
Lisa Fuentes
Utilities & Districts Section, MC 153
Water Supply Division
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, TX 78711-3087
Fax: (512) 239-6972

CONSENT FORM

Applicant's Name: Lower Colorado River Authority
Application Nos.: 36557-C

- ☒ I concur with the maps and order transmitted by letter dated April 1, 2011.
- ☐ I do not concur with and intend to respond to the maps and order transmitted by letter dated April 1, 2011.

I understand that I have 10 days from the date of this letter to provide my response.

I am authorized by Lower Colorado River Authority to sign this form.

Signature: _____

Printed Name: _____

Relationship to Applicant: _____

Date signed: _____

Dennis B. Daniel

Manager, Customer & Business Strategy

4-7-2011



Mail or Fax to:
Lisa Fuentes
Utilities & Districts Section, MC 153
Water Supply Division
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, TX 78711-3087
Fax: (512) 239-6972